

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00
SSO-00 USIE-00 INRE-00 EB-08 COME-00 TRSE-00
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 1800
INFO SECDEF PRIORITY
AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY COPENHAGEN PRIORITY
AMEMBASSY DUBLIN PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY LUXEMBOURG PRIORITY
AMEMBASSY PARIS PRIORITY
AMEMBASSY ROME PRIORITY
USMISSION EC BRUSSELS PRIORITY
USMISSION NATO BRUSSELS PRIORITY
USMISSION OECD PARIS PRIORITY
AMCONSUL EDINBURGH
AMCONSUL BELFAST

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 04696

E.O. 11652: GDS
TAGS: PGOV, PINT, UK
SUBJECT: GOVERNMENT.S PROSPECTS IMPROVE SUBSTANTIALY

REF: LONDON 46L5 (NOTAL)

SUMMARY. INFORMATION FROM VARIOUS SOURCES IN-
DICATES THE GOVERNMENT.S PROSPECTS FOR WINNING THE
MARCH 23 CONFIDENCE VOTE IMPROVED MARKEDLY ON MONDAY, AN
ASSESSMENT IN WHICH BRITAIN.S BOOKMAKERS CONCUR. OUR
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SOUNDINGS INDICATE THAT THE LIBERAL, ULSTER UNIONIST
AND SCOTTISH LABOR PARTIES ALL WISH TO REACH ACCOMMODA-
TION WITH THE GOVERNMENT, APPARENTLY ON TERMS WHICH ARE
NOT UNREASONABLE. CLEARLY, ONE OR MORE BARGAINS CAN BE
STRUCK, THOUGH, AS OUR SOURCES WARN, NOTHING IS YET
FIRMED UP. THE GOVERNMENT.S CURRENT PROBLEM, AS WE SEE
IT, IS TO AVOID BECOMING OVERLY CONFIDENT AT THE SURFEIT

OF POTENTIAL SUPPORT. END SUMMARY.

1. CALLAGHAN'S FORTUNES IMPROVED GREATLY -- PERHAPS
DRAMATICALLY -- DURING THE COURSE OF MARCH 21 (REFTEL).
BRITAIN'S BOOKMAKERS, AS ALERT TO SHIFTS IN THE POLITICAL
WIND AS IN THE FLOW OF BETTORS' MONEY, REVERSED THEIR
EARLIER ODDS. LADBROKE'S MADE THE GOVERNMENT A 7 TO 4
FAVORITE TO DEFEAT THE CONSERVATIVE CENSURE MOTION, WHILE
JOE CORAL QUOTED 3 TO 1 ON A GOVERNMENT VICTORY.

2. THE GOVERNMENT WHIPS OFFICE, WHILE CAUTIOUSLY
OPTIMISTIC THAT AN ACCORD WOULD BE REACHED, ESTIMATES
THAT IT WILL BE ABLE TO DELIVER 310 VOTES (LESS PAIRS)
WEDNESDAY NIGHT WITHOUT A DEAL, IF ALL GOES WELL (THIS IS
A GAIN OF ONE OVER OUR ESTIMATE -- REFTEL). THE WHIPS
RECKON THEY CAN COUNT ON ALL BUT ONE OF THE LABOR INFIRM;
THAT REG PRENTICE WILL ULTIMATELY SUPPORT THE GOVERNMENT;
BUT THAT NI INDEPENDENT FRANK MAGUIRE IS DOUBTFUL (IF A
DEAL IS REACHED WITH THE ULSTER UNIONISTS, HE IS LIKELY
TO ABSTAIN). THIS WOULD LEAVE THE GOVERNMENT ONLY 4VOTES
OR 8 ABSTENTIONS SHORT OF VICTORY. THEIR GREATEST CON-
CERN IS THE LABOR MPS CURRENTLY OUT OF THE COUNTRY. IN
ADDITION TO PERIPATETIC GOVERNMENT MINISTERS AND THEDELE-
ON TO THE EUROPEAN PARLIAMENT, THEY HAVE TO WORRY
ABOUT 3 LABOR MPS IN INDIA OBSERVING THE ELECTIONS AND 1
IN THE U.S. ALL HAVE BEEN INSTRUCTED TO RETURN 24 HOURS
BEFORE THE WEDNESDAY NIGHT VOTE IN ORDER TO REDUCE THE
POSSIBILITY OF AN INADVERTENT ABSENCE DUE TO DELAYS IN
TRANSPORTATION.

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3. WE UNDERSTAND FROM LIBERAL SOURCES THAT THEY WOULD
PREFER ACCOMMODATION TO ELECTION. ALTHOUGH CLAIMING THAT
THEIR ELECTORAL PROSPECTS ARE FAR BETTER THAN MOST OBSER-
VERS ARE WILLING TO CONCEDE,THEY REALIZE THEIR ABILITY TO
INFLUENCE EVENTS IS PROBABLY GREATER NOW THAN IT WOULD BE
AFTER AN ELECTION. THEIR BASIC DEMANDS, ACCORDINGLY,
APPEAR TO BE REALISTICALLY ATTAINABLE: AN ECONOMIC
PACKAGE WHICH WOULD INCLUDE TAX REFORM AND A PAY/PRICES
POLICY SOMEWHAT TOUGHER THAN THEY BELIEVE THE GOVERNMENT
NOW WISHES; AND A PUBLIC STATEMENT FROM THE GOVERNMENT
THAT DURING THE BALANCE OF THIS AND THE NEXT PARLIAMENT
IT WILL NOT INTRODUCE MORE "SOCIALIST" LEGISLATION. WE
UNDERSTAND THAT PROPORTIONAL REPRESENTATION (PR) IS NOT
AMONG THE LIBERAL DEMANDS, AS THEY REALIZE CALLAGHAN
COULD NOT DELIVER. THEY ARE, HOWEVER, LOOKINQ FOR AN
ACCOMMODATION THAT COULD ENDURE FROM 12 TO 18 MONTHS, NOT
JUST A ONE TIME "SALVAGE" OPERATION. THESE POINTS WERE
NO DOUBT STRESSED IN LIBERAL LEADER STEEL'S MARCH 21

MEETING WITH CALLAGHAN. THE PUBLIC STATEMENT REQUIREMENT STRIKES US AS THE MOST DIFFICULT OF THE LIBERAL CONDITIONS, BUT ONE WHICH FROM THEIR POINT OF VIEW IS ESSENTIAL. SUCH A STATEMENT SHOULD NOT BE BEYOND THE CAPABILITIES OF THE TWO PARTIES TO WORK OUT, HOWEVER. IN SHORT, THE LIBERALS WOULD PREFER A DEAL, AND THEIR ASPIRATIONS ARE MORE REALISTIC THAN THEIR EARLIER PUBLIC STATEMENTS SUGGEST. THEY DISPOSE OF 13 VOTES.

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 1801

INFO SECDEF PRIORITY

AMEMBASSY BONN PRIORITY

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4. A SOURCE CLOSE TO THE LEADER OF THE HOUSE MICHAEL FOOT REPORTS THAT THE ULSTER UNIONISTS ARE THE "BEST

BET" FOR AN ACCOMMODATION WITH THE GOVERNMENT. HE DID NOT KNOW THE DETAILS OF CALLAGHAN'S AND FOOT'S MEETING WITH MOLYNEAUX AND POWELL, BUT SAID FOOT BELIEVES AN AGREEMENT WHICH WOULD NOT ALIENATE LABOR MPS IS WITHIN REACH. THE INVISIBLE HAND OF ENOCH POWELL SEEMS TO HAVE CONFIDENTIAL

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BEEN AT WORK ON BEHALF OF THE GOVERNMENT. AN UNDERSTANDING WITH THE UNIONISTS WOULD GIVE THE GOVERNMENT 8 VOTES, THOUGH THE POSSIBILITY OF ONE OR TWO ABSTENTIONS CANNOT BE DISCOUNTED.

5. THE SCOTTISH LABOR PARTY (SLP) HAS BLINKED. ACCORDING TO SOURCES AT NUMBER 10, SLP LEADER JIM SILLARS TOLD THE GOVERNMENT THAT THE TWO SLP VOTES ARE THEIRS' IF A TIMETABLE MOTION ON DEVOLUTION CAN BE REINTRODUCED. THIS APPEARS TO BE A LOW COST CONDITION, BUT IT COULD COMPLICATE NEGOTIATIONS WITH THE LIBERALS AND THE FLOW OF PARLIAMENTARY BUSINESS. IF THE SLP SWINGS BEHIND THE GOVERNMENT AND THE WHIPS. HEADCOUNTS ARE CORRECT. THE GOVERNMENT WOULD NEED ONLY TWO MORE VOTES (OR 4 ABSTENTIONS) TO WIN WEDNESDAY.

6. IN CONTRAST TO THE OUTLOOK YESTERDAY, THE GOVERNMENT NOW APPEARS TO HAVE A SURFEIT OF POTENTIAL SUPPORTERS. YET NEARLY ALL OF OUR SOURCES PREFACE THEIR ASSESSMENTS WITH THE CAVEAT THAT NOTHING IS YET FIRM. NOR HAVE THE TORIES JOINED THE NEGOTIATING GAME -- THEY COULD COMPLICATE THE GOVERNMENT'S PROBLEMS BY ENTERING THE BIDDING. THE GOVERNMENT THEREFORE CANNOT AFFORD TO RELAX UNTIL IT HAS THE NEEDED VOTES IN THE BAG. A SERIOUS DANGER, AT LEAST FROM OUR VANTAGE POINT, IS THAT IT MAY BECOME OVERCONFIDENT ABOUT ITS CHANCES, AND THAT COULD BE FATAL. AT THIS POINT, HOWEVER, IT LOOKS AS THOUGH THE GOVERNMENT WILL SURVIVE.

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